

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

ID #14002
RESOLUTION E-4678
June 25, 2015

R E S O L U T I O N

Resolution E-4678. Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) Companies' requests for disbursements from the San Onofre Nuclear Generating Station (SONGS) decommissioning trusts for decommissioning related activities.

PROPOSED OUTCOME:

- SCE's and SDG&E's request for Commission approval to withdraw up to \$340 million for SCE and \$55 million for SDG&E from their San Onofre Nuclear Generating Station (SONGS) decommissioning trust funds is approved.

SAFETY CONSIDERATIONS:

- Primary goal of the SONGS decommissioning plan is to ensure that the now shutdown plant is decommissioned safely, spent fuel is managed properly, and the plant site is restored. This resolution will enable SCE and SDG&E to undertake these necessary safety activities by providing requested disbursement of funds.

ESTIMATED COST:

- Authorizes SCE and SDG&E to withdraw up to a total of \$395 million from the nuclear decommissioning trust funds into which ratepayers have already paid.

By SCE Advice Letter 3193-E filed on March 18, 2015 and SDG&E Advice Letter 2724-E filed on April 1, 2015.

SUMMARY

This Resolution approves SCE's request for disbursement of up to \$180.3 million for its share of SONGS 2 and 3 decommissioning expenses incurred in 2013. This resolution also approves SCE's request for the withdrawal of up to \$159.7 million from its Nuclear Decommissioning Trust funds for its share of SONGS 2 and 3 decommissioning expenses incurred in 2014, subject to the reasonableness review which will be conducted in A.15-01-014.

The Resolution also approves SDG&E's request for disbursement of up to \$55 million from its Nuclear Decommissioning Trust funds for its share of SONGS 2 and 3 decommissioning expenses incurred in 2013.

The resolution also provides for a reasonableness review of SCE's and SDG&E's nuclear fuel contract termination expenses incurred in 2013 in A.15-01-014 for SCE and A.15-02-006 for SDG&E.

BACKGROUND

SONGS Units 2 and 3 have not operated since January 2012 and are permanently shutdown.

In January 2012, defects in the replacement steam generators for SONGS Units 2 and 3 resulted in cessation of operation of the plant. On June 7, 2013, SCE announced the permanent shutdown of both units, and its intention to begin decommissioning activities for SONGS. SCE retained EnergySolutions to prepare a detailed site-specific decommissioning report. Decommissioning is expected to occur generally over a 20-year period and estimated to cost about \$4.4 billion.

SONGS is jointly owned by SCE, SDG&E, and the City of Riverside.

SCE has ownership of 75.7% of SONGS Units 2 and 3, SDG&E owns 20%, and the City of Riverside owns 1.79%. All three entities are responsible for the plant's decommissioning. Additionally, the City of Anaheim, a former owner of SONGS 2 and 3, also has about a liability for decommissioning expenses of about 2.46%.¹

¹ In December 2005, SCE and Anaheim entered into a Settlement Agreement relating to SONGS under which SCE acquired Anaheim's ownership interest. However, Anaheim retained certain

SCE and SDG&E maintain separate nuclear decommissioning trust (NDT) funds required by the Nuclear Regulatory Commission (NRC) in the Code of Federal Regulations 10 CFR 50.75. The Trusts have been funded by utility ratepayers and the Cities of Riverside and Anaheim to cover the expected costs of decommissioning the two units.

Trusts funds were established in 1988 to maintain sufficient funding to cover decommissioning costs for SONGS 2 and 3.

In response to D.87-05-062, SCE and SDG&E established two separate trust funds for expected decommissioning costs for SONGS 2 and 3. A Qualified Trust was established as a vehicle to hold the decommissioning funds for contributions that qualify for an income tax deduction under Section 468A of the Internal Revenue Code, and the Nonqualified Trust was designed to hold the remaining funds. On November 25, 1987, the CPUC approved the SCE Trust Agreements by Resolution E-3057. The Trusts were initially funded in February 1988. Since then, the Nonqualified Trusts have been eliminated and the balances transferred to the Qualified Trusts. As of March 31, 2015, SCE trust fund balances are \$1,492 million for SONGS 2 and \$1,671 million for SONGS 3. SDG&E maintains separate trusts for its 20% ownership of SONGS. For SDG&E, the trust fund balances as of March 31, 2015 are \$417.8 million for SONGS 2 and \$473.3 million for SONGS 3.

SCE and SDG&E also maintain separate trust funds for the decommissioning of SONGS 1, which are not intended to be used for any decommissioning activities associated with SONGS 2 and 3. SCE also maintains separate decommissioning trusts related to its 16.5% ownership of the three Palo Verde units located in Arizona.

SCE and SDG&E submitted Tier 3 Advice Letters requesting a total disbursement of \$395 million from their SONGS 2 and 3 decommissioning trust funds.

On March 18, 2015, SCE submitted Advice Letter (AL) 3193-E requesting authorization for disbursement of \$340 million from its SONGS Units 2 and 3

liabilities, including responsibility for 2.4737% of SONGS 2 and 2.4625% of SONGS 3 decommissioning costs. Anaheim retains its nuclear decommissioning trust funds.

decommissioning trust fund. SCE expended a total amount of \$237.9 million for the period June 7, 2013 through December 31, 2013) and \$210.8 million in 2014. Out of this total amount, SCE's share of these expenditures is \$180.3 million and \$159.7 million for 2013 and 2014, respectively.

On April 1, 2015, SDG&E submitted Advice Letter 2724-E requesting disbursement of \$55 million from its SONGS Units 2 and 3 decommissioning trust funds for its 2013 share of SONGS 2 and 3 decommissioning expenditures. SDG&E is not requesting any disbursement from the trusts for expenditures in 2014 at this time.

SCE's and SDG&E's requests for initial disbursement from the decommissioning trust funds total \$395 million. Out of this amount, \$340 million is for SCE and \$55 million is for SDG&E, for a total of \$395 million. SCE and SDG&E maintain separate trust funds for the decommissioning of SONGS Units 2 and 3.

The initial trust fund withdrawals cover certain expenses incurred by the utilities in 2013 for both SCE and SDG&E and in 2014 for SCE.

For purposes of this advice letter filing, SCE divides its proposed total decommissioning cost into three broad categories consisting of License Termination, Site Restoration, and Fuel Storage. SCE's recorded costs for 2013 and 2014 include certain costs for detailed planning and preparing submittals to the NRC, which are a component of License Termination costs. The costs for spent fuel management activities such as storing the spent nuclear fuel in the SONGS 2 and 3 wet fuel pools, transferring used fuel from the wet fuel pools to dry storage casks in the ISFSI, and continued storage of used nuclear fuel in the ISFSI, are all components of Fuel Storage costs. The costs for non-radiological decommissioning activities such as procurement, finance, human resources, information technology, termination of nuclear fuel contracts, and severance are all considered components of Site Restoration costs.

SCE requests approval of its proposed designation to identify which portions of the decommissioning trust funds for SONGS Units 2 and 3 should be set aside for NRC license termination.

NRC regulations in 10 CFR 50.75 require that a utility be able to identify which portion of the decommissioning trust fund is set aside for license termination, separate from site restoration, and spent fuel management. SCE has obtained a waiver from the NRC in September 2014 that allows SCE to co-mingle use the

decommissioning trusts for purposes other than license termination.

Notwithstanding the waiver from the NRC, SCE believes that it is important for the NRC and the CPUC to identify the amount of the trust funds that should be set aside for NRC license termination activities. The amounts requested by SCE to be allocated to NRC license termination are \$728.4 million for SONGS 2 and \$759.2 million for SONGS 3. This will allow SCE to use the remaining amounts in the trust funds for spent fuel management and site restoration activities, subject to the CPUC's review and approval as SCE proceeds with decommissioning activities for SONGS 2 and 3.

NOTICE

Notices of SCE AL 3193-E and SDG&E AL 2724-E were made by publication in the Commission's Daily Calendar. SCE and SDG&E state that copies of their Advice Letters were mailed and distributed in accordance with General Order 96-B.

PROTESTS

On April 7, 2015 the Alliance for Nuclear Responsibility (A4NR) filed a timely protest to SCE's AL 3193-E and on April 21, 2015 a timely protest to SDG&E's AL 2724-E.

On April 14, 2015 SCE replied to A4NR's protest. On April 28, SDG&E replied to A4NR's protest.

In its protests, A4NR raised issues relating to nuclear fuel contract termination costs.

The A4NR is concerned that SCE allocated the nuclear fuel contract termination costs in its advice letter as \$10.5 million in 2013 and \$5.0 million in 2014, while the Decommissioning Cost Estimate (DCE) filed in December 2014 in A.14-12-007 assigned all the fuel contract termination costs to 2014. SONGS-related expenses for 2014 are to be reviewed for reasonableness in A.15-01-014, which is on-going. Expenses incurred in 2013 were already determined to be reasonable in the SONGS OII decision D.14-11-040 approved by the CPUC on November 20, 2015. A4NR is concerned that SCE's allocating the bulk of the nuclear fuel contract termination costs to 2013 in its advice letter, SCE's fuel contract termination costs would now only be limited for reasonableness review for a smaller amount of \$5.0 million in A.15-01-014. A4NR also objected to SDG&E's inclusion in its

SCE AL 3193-E/SDG&E AL 2724-E/eg1

advice letter of \$2.1 million, for its share of the nuclear fuel contract termination costs in 2013.

Additionally, A4NR is concerned that SCE characterized the fuel contract termination costs as part of site restoration, which would allow these costs to be covered by the exemption granted to SCE by the NRC on September 5, 2014 for trust fund withdrawals.

SCE replied that it allocated the SONGS nuclear fuel contract termination costs to the appropriate years the costs were actually incurred, and that they are appropriately characterized as site restoration costs.

In its reply to the protest dated April 14, 2015, SCE explained that the SONGS DCE for 2013 was not based entirely on recorded expenses. Rather the expenses for 2013 were aggregated with all fuel contract termination costs in 2014. SCE states that they actually incurred \$10.5 million for these expenses in 2013 and \$5.0 million in 2014. SCE stated in AL 3139-E that the DCE estimates all the fuel contract termination costs as \$17.7 million, while the combined actual 2013 and 2014 costs are less than the DCE estimate.

SCE also explained that it is reasonable to characterize nuclear fuel contract termination activities as site restoration. Consistent with NRC nomenclature, decommissioning activities fall within three broad categories: license termination, spent fuel management, and site restoration. The site restoration category includes activities to restore the plant and site to non-operating or decommissioned status, which would include costs related to terminating fuel contracts, reducing staff (severance) and restoring the site to the conditions required by the SONGS site easement. SCE provided the letter from the Internal Revenue Service (IRS) to SCE dated December 4, 2013, in which the IRS concluded that severance payments and transitional decommissioning costs are nuclear decommissioning costs that are eligible for reimbursement from the nuclear decommissioning trust funds. While the IRS did not specifically mention nuclear fuel contract termination costs in the broad characterization of decommissioning costs, SCE believes it is reasonable to include these specific costs within the umbrella of decommissioning costs.

SDG&E recorded its share of the nuclear fuel contract cancellation costs in 2013.

As stated in its reply of April 28, 2015 to the A4NR protest, "SDG&E recorded \$2.1 million of nuclear fuel contract cancellation costs as billed by SCE in 2013." SDG&E also stated that it has received confirmation from the IRS on March 31, 2014 that these costs are considered decommissioning costs that are eligible to be paid from the decommissioning trust funds.

DISCUSSION

From June 7, 2013 through December 31, 2013 SCE expended a total of \$237.9 million (2013 \$) for SONGS 2 and 3 decommissioning activities.

In AL 3193-E, SCE reconciles the \$237.9 million amount recorded for SONGS 2 and 3 decommissioning expenditures from June 7, 2013 through December 31, 2013 with SCE's DCE forecast amount of \$280.4 million for this same time period. The activities performed by SCE during 2013 included staffing changes and decommissioning planning. The recorded costs in 2013 are broken down as \$77.9 million associated with license termination including labor and non-labor costs and direct radioactive material disposal costs (compared to \$52.3 million in the DCE), \$78.0 million for spent fuel management including labor and non-labor costs and direct costs for the Independent Spent Fuel Storage Installation (ISFSI), regulatory compliance, and security (compared to \$130 million in the DCE), and \$82.0 for site restoration including labor and non-labor costs and direct costs of regulatory compliance (compared to \$98.1 million in the DCE) for a total of \$237.9 million (compared to \$280.4 million in the DCE).

In AL 3139-E, SCE provided sufficient explanation for the variances in these recorded expenditures from the DCE estimate. SCE states in its advice letter that the \$42.5 million variance between 2013 recorded expenses and the forecast expenses contained in the DCE occurred mainly because estimated severance expenses for 2013 were based on the full amount of expenses expected to be accrued for severance. The recorded severance expenses reported in AL 3193-E, however, were based only on the cash payouts that were incurred in 2013.. Other factors driving the variance related to how SCE estimated certain labor and non-labor costs in the DCE versus how SCE recorded the costs in its accounting system.

The site restoration expenses include payment amounts for worker severance. In AL 3193-E, SCE explained that severance consisted of a lump sum payment based on salary level, placement services, and educational benefits. For SCE, the severance amounts in 2013 were recorded as \$70.4 million. In SDG&E AL 2724-

SCE AL 3193-E/SDG&E AL 2724-E/eg1

E, SDG&E included \$10.5 million paid by SDG&E to SCE for its share of employee severance in late 2013 related to the closure of SONGS 2 and 3. Additionally there were expenditures for site easement and lease payments to the U.S. Navy to use the land upon which SONGS is located. Variances from the DCE in these expenditures are sufficiently explained in AL 3193-E.

In 2014, SCE expended a total of \$210.8 Million for SONGS 2 and 3 decommissioning activities as compared to \$265.6 million forecast in the DCE. The information provided by SCE in AL 3193-E on 2014 expenditures and DCE estimates is consistent with decisions in the 2009 and 2012 Nuclear Decommissioning Cost Triennial Proceedings.

The DCE estimated a total amount of \$265.6 million for 2014 for decommissioning activities. SONGS staffing changes and decommissioning planning that were initiated in 2013 continued into 2014. In AL 3193-E, SCE described in some detail the decommissioning activities, associated costs, and explanations of variance from the DCE.

This information includes descriptions of the work activities and explanation of variances from the DCE, a graph tracking the decommissioning expenditures, a summary schedule from June 2013 through 2051 for the major broad categories of spent fuel management, license termination, and site restoration. The information provided by SCE in AL 3193-E is consistent with D.10-07-047 in the 2009 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) and decisions D.14-02-024 and D.14-12-082 in the 2012 NDCTP A.12-12-012 and A.12-12-013. These decisions set forth reporting standards for nuclear decommissioning cost estimates.

Pursuant to D.14-12-082 in the 2012 NDCTP, on January 1, 2015, SCE began using a new cost accounting system for SONGS decommissioning activities, which will be more projects and activities oriented. This will allow for easier tracking of actual expenditures to compare with the DCE amounts and schedule.

At a public workshop on February 24, 2015, which was required by D.14-12-082 in the 2012 NDCTP, SCE described how the new cost accounting system will provide a work breakdown structure to track the decommissioning work and costs in detail for SONGS Units 2 and 3. This new cost accounting system will be more projects and activities oriented, which will allow for easier tracking of actual expenditures to compare with the DCE amounts and schedule. At this

SCE AL 3193-E/SDG&E AL 2724-E/eg1

workshop, SDG&E also discussed its own accounting system. On March 2, 2015, SCE and SDG&E jointly filed Tier 1 advice letters SCE AL 3185-E and SDG&E AL 2711-E concerning their cost accounting and tracking systems for SONGS 2 and 3 decommissioning. These ALs were approved by the CPUC's Energy Division effective March 2, 2015.

In AL 2724-E SDG&E describes its share of the recorded costs associated with decommissioning SONGS 2 and 3 for 2013.

SDG&E's decommissioning costs for which it seeks disbursement is divided into several general cost categories that include: operations & maintenance (O&M), capital, material and supplies, non-O&M costs such as property and liability insurance and property taxes, station power, lease and easement costs, nuclear fuel contract termination costs, and internal costs specific to SDG&E. SDG&E noted that SCE bills SDG&E for station power at its own retail rate, which is used as the basis for the station power cost estimate in the SONGS DCE, rather than SDG&E's retail rate. In AL 2724-E SDG&E states, *"For purposes of this AL, SDG&E assumes that any resolution of this issue, including any true-up between SCE's and SDG&E's billings, will not alter SDG&E's recorded 2013 costs but rather be reflected cost records in subsequent years."*

Expenses related to nuclear fuel contract termination in 2013 and 2014 are included in SCE AL 3193-E, and in SDG&E AL 2724-E for 2013. Inclusion of nuclear fuel contract termination costs in site restoration category of costs is consistent with maintaining the NRC's nomenclature of the three broad categories of costs associated with nuclear decommissioning.

As explained by SCE in its advice letter, prior to the permanent shutdown of SONGS 2 and 3 in June 2013, SCE had in place several contracts with nuclear fuel suppliers for the purchase and fabrication of new fuel assemblies that would have been used in future SONGS 2 and 3 fuel cycles. After permanent shutdown, there was no longer a need for those fuel assemblies already fabricated but not used or needed as well as the nuclear fuel services for future assemblies, and those contracts were terminated. SCE recorded amounts of \$10.5 million in 2013 and \$5.0 in 2014 for these fuel contract termination expenditures. SDG&E recorded \$2.1 million in 2013 for its share of fuel contract termination expenses as billed by SCE. We agree with SCE that inclusion of these amounts in the broad category of site restoration, it is consistent with maintaining the NRC's nomenclature of the three broad categories of costs associated with nuclear decommissioning.

We disagree with A4NR that nuclear fuel contract termination costs should not be allowed to be included in the site restoration category. SCE's and SDG&E's expenditures for nuclear fuel contract termination costs are decommissioning expenditures, which are eligible for disbursement from the SONGS 2 and 3 decommissioning trust funds.

SCE's and SDG&E's 2013 nuclear fuel contract termination costs recorded in 2013 will be reviewed for reasonableness in A.15-01-014 and A.15-02-006.

Decision D.14-11-040 in the SONGS OII investigation I.12-10-013 found the SONGS expenditures for 2013 reasonable by way of approving the amended settlement agreement.

Nuclear fuel contract termination costs are included in "other costs" as that term is used in Section 4.9 of the amended settlement agreement and Sections 4.6 and 4.7 address nuclear fuel investment and the incentive mechanism for recovery of unspent nuclear fuel. However, the specific amount of \$10.5 million for fuel contract termination expenditures recorded in 2013 is not referenced in any of the applications or associated decisions. Therefore, we find that this total amount of \$10.5 million, of which SDG&E's share is \$2.1 million, should be reviewed for reasonableness in A.15-01-014 and A.15-02-006, the proceedings in which SCE's and SDG&E's 2014 expenditures for SONGS 2 and 3 are being reviewed, although the expenditures occurred and were recorded in 2013.

Severance payments to utility employees who became unemployed following closure and subsequent decommissioning of a nuclear power plant are within the scope of decommissioning costs and may be paid from the NDT funds.

Severance expenses were addressed in D.14-12-082 dated December 18, 2014 for Phase 2 of the 2012 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP). SCE included severance in its decommissioning costs in the DCE submitted in A.14-12-007. SCE provided a brief description of internal and external job fairs and workshops it hosted after June 7, 2013. Additionally, SCE explained that its employee assistance program provides for cash severance, educational reimbursement and outplacement. The benefits reflect the employee's age, years of service, and job classification. We agree with SCE and SDG&E that severance payments to utility employees who become unemployed following closure and subsequent decommissioning of a nuclear power plant are within the scope of decommissioning costs and may be paid from the Qualified Nuclear Decommissioning Trust funds. Both SCE and SDG&E requested and

SCE AL 3193-E/SDG&E AL 2724-E/eg1

received favorable Private Letter Rulings on December 4, 2013 and March 31, 2014, respectively from the IRS affirming that use of the Qualified NDTs to cover severance payments will not jeopardize their tax status.

SCE is authorized to disburse up to \$340 million and SDG&E is authorized to disburse up to \$55 million from their respective NDT funds for SONGS 2 and 3 expenditures in 2013 for SCE and SDG&E and 2014 for SCE. Expenditures for 2014 will be reviewed for reasonableness in A.15-01-014 for SCE and A.15-02-006 for SDG&E, which are on-going. Trust fund disbursements for 2014 expenditures authorized herein will be subject to any adjustments ordered by the Commission based on the findings of the reasonableness review in A.15-01-014 and A.15-02-006.

For SCE, we authorize the disbursement from the SCE NDT funds of up to \$180.3 million (SCE share) and \$159.7 million (SCE share) for 2013 and 2014 SONGS 2 and 3 decommissioning expenses, respectively.

For SDG&E, we authorize the disbursement from the SDG&E NDT funds of up to \$55 million for its share of the SONGS 2 and 3 decommissioning expenses for 2013, subject to any necessary adjustments to reconcile the recorded and accrued 2013 decommissioning costs billed by SCE that might arise from the new accounting and cost tracking systems.

The 2014 SONGS 2 and 3 expenditures will be reviewed for reasonableness in A.15-01-014 and A.15-02-006. Additionally, the total expenditure of \$15.5 million for nuclear fuel contract termination expenditures including SDG&E's share shall also be reviewed for reasonableness in A.15-01-014 and A.15-02-006, although a total of \$10.5 million was recorded by SCE in 2013 including SDG&E's share of \$2.1 million. These amounts are subject to any adjustments that might need to be made pending the outcome of these proceedings.

SCE's and SDG&E's expenditures for SONGS 2 and 3 decommissioning as described in their advice letters are consistent with the Decommissioning Cost Estimate submitted in A.14-12-007.

The Commission finds that SONGS 2 and 3 costs incurred on or after Jun 7, 2013 are generally considered decommissioning costs that are eligible to be paid with NDT funds.

SCE AL 3193-E/SDG&E AL 2724-E/eg1

SCE's and SDG&E's expenditures for SONGS 2 and 3 decommissioning as described in their advice letters are consistent with the Decommissioning Cost Estimate submitted in A.14-12-007.

SCE's proposed designation of amounts included in the decommissioning trusts for license termination is approved.

SCE and SDG&E have accumulated funds in their decommissioning trusts for the three major categories of decommissioning activities: license termination, site restoration, and used fuel management. The NRC allows a licensee to co-mingle funds for all three activities in its decommissioning trust, but requires that the licensee be able to identify which amounts are for which category of decommissioning costs. SCE requests that the CPUC identify the amount in the nuclear decommissioning trust fund related to license termination expenses.

SCE requests that the CPUC designate \$728.4 million for SONGS 2 and \$759.2 million for SONGS 3 (SCE's share) as the NRC license termination amount, based on the DCE submitted in A.14-12-007. When SDG&E's share is included for license termination, as well as the amounts forecast for site restoration and fuel management, the total of \$4.41 billion (100% level) corresponds to the total decommissioning cost provided in the DCE. Accordingly these amounts of \$728.4 million and \$759.2 million for SCE can be designated for license termination activities for SONGS Units 2 and 3, respectively.

SCE AL 3193-E and SDG&E AL 2724-E will not increase rates or affect service.

SCE AL 3193-E and SDG&E AL 2724-E requesting withdrawals from their respective SONGS 2 and 3 NDTs will not result in an increase in rates or charges, conflict with any schedules, rules, or cause withdrawal of any service.

Safety is of utmost concern to the CPUC. The primary goal of the SONGS 2 and 3 decommissioning plan is to ensure that the now shutdown plant is decommissioned safely, spent fuel is managed properly, and the plant site is restored.

The primary goal of the SONGS 2 and 3 decommissioning plan is to ensure that the now shutdown plant is decommissioned safely, spent fuel is managed properly, and the plant site is restored. This resolution will enable SCE and SDG&E to undertake these necessary activities by providing the requested disbursements from the NDTs

COMMENTS

Public Utilities Code section 311(g) (1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, this draft resolution was mailed to parties for comments, and is placed on the Commission's agenda no earlier than 30 days from the date issued for comment.

FINDINGS AND CONCLUSIONS

1. SCE and SDG&E submitted Tier 3 Advice Letters on March 18, 2015 and April 1, 2015, respectively, requesting disbursement of funds from their SONGS 2 and 3 decommissioning trust funds.
2. The trust fund withdrawal requests in these advice letters cover certain SONGS decommissioning related expenditures incurred by SCE and SDG&E in 2013 and in 2014 for SCE.
3. SCE and SDG&E requested designation of which portions of the decommissioning trust funds for SONGS 2 and 3 should be set aside for NRC license termination.
4. On April 7, 2015 the A4NR filed a timely protest to SCE's AL 3139-E. On April 21, 2015 the A4NR filed a timely protest to SDG&E's AL 2724-E.
5. In its protests, A4NR raised issues relating to nuclear fuel contract termination costs.
6. The A4NR is concerned that SCE's and SDG&E's allocating the bulk of the nuclear fuel contract termination costs to 2013 in their advice letters, the reasonableness review for SCE's fuel contract termination costs including SDG&E's share would now be limited to a smaller amount for subsequent reasonableness review in A.15-01-014 and A.15-02-006.
7. For the period June 7 through December 31, 2013, SCE expended a total of \$237.9 million for SONGS 2 and 3 decommissioning activities.
8. The site restoration expenses include payment amounts for worker severance.

9. In 2014, SCE expended a total of \$210.8 million for SONGS 2 and 3 decommissioning activities.
10. Pursuant to D.14-12-082 in the 2012 NDCTP, on January 1, 2015, SCE began using a new cost accounting system for SONGS decommissioning activities, which will be more projects and activities oriented. This will allow for easier tracker of actual expenditures to compare with the DCE amounts and schedule.
11. In AL 2724-E SDG&E describes its share of the recorded costs associated with decommissioning SONGS 2 and 3 for 2013.
12. Expenses related to nuclear fuel contract termination in 2013 and 2014 are included in SCE AL 3139-E and in SDG&E AL 2724-E for 2013.
13. Nuclear fuel contract termination expenditures are decommissioning costs, which are eligible for disbursement from the SONGS 2 and 3 nuclear decommissioning trust funds.
14. SCE's and SDG&E's expenditures for SONGS 2 and 3 decommissioning as described in their advice letters are consistent with the Decommissioning Cost Estimate submitted in A. 14-12-007.
15. SCE's request for disbursement of up to \$180.3 million from its NDT funds for its share of SONGS 2 and 3 decommissioning expenditures incurred in 2013 should be approved.
16. SCE's request for withdrawal of up to \$159.77 million from its NDT funds for its share of SONGS 2 and 3 decommissioning expenditures incurred in 2014 should be approved, subject to reasonableness review which will be conducted in A.15-01-014.
17. SDG&E's request for disbursement of up to \$55 million from its NDT funds for its share of SONGS 2 and 3 decommissioning expenditures incurred in 2013 should be approved.
18. Expenditures for 2014 will be addressed for reasonableness in A.15-01-014 for SCE and A.15-02-006 for SDG&E.

19. SCE requests approval of its proposed designation of which portions of the SONGS 2 and 3 NDT funds should be set aside for NRC license termination.
20. SCE's proposal to designate the amounts of \$728.4 million and \$759.2 million for license termination activity expenditures for SONGS 2 and 3, respectively is reasonable
21. SCE AL 3139-E and SDG&E AL 2724-E will not increase rates or affect service.
22. SCE's and SDG&E's ratepayers have already paid into the NDTs maintained separately by SCE and SDG&E for decommissioning SONGS 2 and 3.
23. The primary goal of the SONGS 2 and 3 decommissioning plan is to ensure that the now shutdown plant is decommissioned safely, spent fuel is managed properly, and the plant site is restored. This resolution will enable SCE and SDG&E to undertake these necessary activities by providing the requested disbursements from their NDT funds.

THEREFORE IT IS ORDERED THAT:

1. SCE is authorized a disbursement of up to \$180.3 million from the SCE SONGS 2 and 3 Nuclear Decommissioning Trust funds for expenditures incurred in 2013. SCE is also authorized to disburse up to \$159.7 million for expenditures incurred in 2014, subject to reasonableness review to be conducted in A.15-01-014.
2. Disbursement from the SDG&E SONGS 2 and 3 Nuclear Decommissioning Trust funds is authorized for up to \$55 million for expenditures incurred in 2013.
3. The SONGS 2 and 3 nuclear fuel contract termination expenditures of \$10.5 million, of which \$2.1 million is SDG&E's share, shall be reviewed for reasonableness in A.15-01-014 and A.15-02-006, the proceedings in which SCE's and SDG&E 2014 expenditures for SONGS 2 and 3 are being reviewed, although the expenditures occurred and were recorded in 2013.
4. For SCE, the amounts of \$728.4 million and \$759.2 million shall be designated for NRC license termination activity expenditures for SONGS 2 and 3, respectively.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 25, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director